CAMS: Five-Pillar Analysis

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Companion to the CAMS investment report (76/100, Selective Positive). This piece grades the business against the five-pillar engine: Sunrise, Leadership, Moat, Iron Fortress, and Free Cash Flow.

Reference price: Rs 700 (NSE, October 13, 2026). Four pass, one partial.

Grades at a glance

Pillar	Grade
Sunrise (financialisation of household savings)	**PASS**
Leadership	**PASS**
Moat	**PARTIAL**
Iron Fortress (balance sheet)	**PASS**
Free Cash Flow	**PASS**

Overall fit verdict: four pass, one partial. CAMS clears the five-pillar bar on industry, leadership, balance sheet and cash, while its moat protects volume but not price: yields compress 2.5 to 3.0% a year. Full investment report score: **76/100, Selective Positive**.

Pillar 1: Sunrise, PASS

GRADE: PASS

The tailwind is the formalisation of Indian household savings, and it is structural, long and still early. Mutual fund assets have compounded for a decade through rate cycles and a pandemic, systematic investment plans have turned investing into a monthly household habit, and every new folio, SIP and fund launch needs a registrar. CAMS' own operating numbers are the evidence: AuM serviced up 14.8% year on year to about Rs 56 lakh crore in Q1 FY27, equity AuM up 17.6% against industry growth of 16.4%, live SIP accounts up 18.8% to 6.72 crore, and quarterly SIP collections up 20.7% to Rs 59,681 cr.

The sunrise extends beyond the core. Specialized Investment Funds, GIFT City funds, alternative investment funds, pension accounts and digital KYC are each new categories of regulated assets that need exactly the record-keeping CAMS sells, and CAMS has a live position in every one: 11 SIFs launched, GIFT City AuM of about Rs 750 cr, alternatives AuM serviced above Rs 3.2 lakh crore, an NPS record-keeping licence and the second-largest KRA. The honest caveat is that a sunrise industry can still squeeze its suppliers' prices, and this one does, at 2.5 to 3.0% of yield a year. But the pillar tests the direction of demand for trusted asset records, and that demand grows in every segment CAMS serves. PASS.

Pillar 2: Leadership, PASS

GRADE: PASS

Anuj Kumar, with CAMS since March 2016, CEO from November 2018 and managing director from August 2021, passes the engine's central test: did they do what they said, over a full cycle? Revenue rose from Rs 706 cr in FY21 to Rs 1,516 cr in FY26 and PAT from Rs 205 cr to Rs 472 cr, operating margin stayed in a 43 to 47% band, market share held at about 67 to 68% against a listed rival with every incentive to take it, and the dividend payout stayed between 65% and 76% throughout. The non-MF portfolio was built on his watch from a rounding error to about 15% of revenue, growing 28.4% in Q1 FY27, and the company absorbed a complete promoter exit in 2023, becoming promoter-less without a strategic wobble.

The deductions are stated plainly. FY26, revenue up 6.6% and PAT up 1.6%, was a stall year on his watch, driven by pricing resets he accepted and platform spending he chose; a leader owns both halves of that sentence. Guidance since has been unusually specific (about 13% revenue growth, about 16% EBITDA growth, 30 to 31% PAT margin for FY27) and Q1 FY27 delivered against it, which is how a stall year gets forgiven: by being named, guided through and exited. Depth below Kumar is professional rather than famous, and there is no promoter anchor behind him. Neither point overturns a decade of delivery. PASS.

Pillar 3: Moat, PARTIAL

GRADE: PARTIAL

The installed base deserves a pass on its own. CAMS holds the investor records themselves for about two-thirds of the mutual fund industry: 67.2% of AuM, ten of the fifteen largest AMCs, decades of transaction history, SIP mandates, KYC links and distributor workflows embedded in its platforms. An AMC that switches registrar risks its investors' records, its service reputation and its regulator's attention in a single project, which is why mandates almost never move, why the duopoly split (about 67% CAMS, about 32% KFin) has been stable for years, and why new fund houses, from Zerodha to Navi to Angel One, keep choosing the incumbent rails.

The group grade is partial because the moat protects volume, not price. CAMS cannot set its own economics: asset-based yields compress about 2.5 to 3.0% a year by management's own long-term expectation, large AMC renewals reset fees in steps (the FY26 stall was substantially a pricing event), the KRA business absorbed a 29% recommended rate revision in April 2026, and SEBI's broader pressure on fund costs flows downhill to every supplier. A moat that guarantees you the work but not the wage is a real moat with a ceiling on it. Add two live tests: KFin, more diversified and currently faster-growing, competes for every new mandate and every adjacency; and CAMS' own non-MF businesses (payments, KRA, repositories) operate in markets where it is the challenger, not the incumbent, and switching costs are thin. The moat is a fortress around the folio base and a fence around everything else. PARTIAL, with an upgrade path if non-MF revenue reaches a fifth of the total at group margins.

Pillar 4: Iron Fortress, PASS

GRADE: PASS

The balance sheet is built for a bad decade, not just a bad year. At March 2026, reserves stood at Rs 1,271 cr against borrowings of Rs 64 cr, much of the liability side being operational rather than financial. Cash and cash equivalents were about Rs 971 cr at June 30, 2026. Interest cost in FY26 was Rs 7 cr against profit before tax of Rs 629 cr. Equity of about Rs 1,321 cr supports the whole enterprise, because the business owns platforms and people, not plant and inventory.

The fortress has been stress-tested twice in five years: in FY23, when revenue grew only 6.8% and profit was flat, and in FY26, when PAT grew 1.6%, and in both years CAMS stayed highly profitable, paid out about two-thirds of earnings, and funded its technology programme without borrowing. It also absorbed the exit of its controlling shareholder entirely through market sales, a governance shock that would rattle a weaker register. An RTA's true fortress is cash, records and trust, and on the first two the evidence is unambiguous. PASS.

Pillar 5: Free Cash Flow, PASS

GRADE: PASS

CAMS converts profit into cash at a rate few Indian companies of any kind match. Operating cash flow was Rs 584 cr in FY26; after capex of roughly Rs 140 cr, free cash flow was about Rs 444 cr, roughly 94% of the Rs 472 cr reported PAT. The series is consistently strong: free cash flow of Rs 259 cr, Rs 275 cr, Rs 363 cr, Rs 359 cr and Rs 444 cr across FY22 to FY26, positive in the flat years as well as the boom years, because working capital is light (a cash conversion cycle of about 12 to 14 days) and there is no inventory, no receivables problem and no capex cycle in the traditional sense. The dividend record is the external proof: payout ratios of 66%, 65%, 65%, 76% and 65% over the same five years, plus a Rs 2.50 interim dividend already declared for Q1 FY27. Companies do not return two-thirds of earnings for five straight years on accounting profits.

The watch item is real but currently small: the platform re-architecture is lifting investment spending (capital work-in-progress of Rs 89 cr at March 2026, depreciation up from Rs 78 cr to Rs 99 cr in FY26), and adjacency acquisitions (Think Analytics, Fintuple, the account aggregator subsidiary) are becoming a recurring use of cash. Judged on the operating business today, with free cash flow at 94% of profit and rising in a stall year, this is a clean PASS, with a downgrade trigger if investment spending starts outrunning the cash the core throws off.

Summary

- **Pillar 1. Sunrise:** PASS, formalisation of household savings; AuM serviced up 14.8% and SIP accounts up 18.8% in Q1 FY27, with SIF, GIFT City, alternatives and pensions as new asset categories
- **Pillar 2. Leadership:** PASS, Kumar doubled revenue and profit over five years, held share and payout through a promoter exit; the FY26 stall is the owned deduction
- **Pillar 3. Moat:** PARTIAL, the folio base is close to immovable, but pricing is negotiated down 2.5 to 3.0% a year and regulated at the edges; the moat protects volume, not price
- **Pillar 4. Iron Fortress:** PASS, Rs 1,271 cr reserves, Rs 64 cr borrowings, about Rs 971 cr cash, profitable and dividend-paying through two stall years
- **Pillar 5. Free Cash Flow:** PASS, FY26 free cash flow of about Rs 444 cr is roughly 94% of PAT, with a 65 to 76% dividend payout across five years

Four of five pass. The engine's read: a fortress-grade cash compounder sitting on the records of a sunrise industry, led by a team that has delivered through a full cycle, whose single structural weakness is that its customers and regulators, not CAMS, hold the pricing pen. That matches the investment report's 76/100 Selective Positive: the deduction is the price (about 35x trailing earnings, even after de-rating from Rs 845) and the partial moat, not the quality or the balance sheet.

What changes the grade: Moat upgrades to pass if non-MF revenue reaches about a fifth of the total at group-level margins by FY28, or if a full AMC renewal cycle passes without a step-down in yields. Moat downgrades if a top-five AMC mandate moves to KFin, or if yield compression accelerates beyond about 3% a year. Free Cash Flow downgrades if re-architecture and acquisition spending push free cash flow below about 70% of PAT for two consecutive years. Leadership is re-graded on FY27 delivery against the guided 13% revenue and 16% EBITDA growth.

Sources

- CAMS filings and results: audited FY26 results; Q1 FY27 results, presentation and earnings-call summaries (AuM, market share, SIP and segment growth, FY27 guidance, yield compression expectation)
- Screener.in consolidated data, FY22 to FY26 and June 2026 (financials, cash flow, free cash flow, balance sheet, shareholding, market data at October 13, 2026)
- KFin Technologies Q4 FY26 factsheet (duopoly share of 32.4%, FY26 financials) and market summaries around October 12, 2026
- Full source list in the companion investment report.